straumanngroup

First-quarter 2019 report – Media Release

Promising start to the year with 17% organic growth in first quarter

- Group revenue climbs 15% in Swiss francs to CHF 372 million
- Solid double-digit organic growth continues in all regions led by APAC (+22%) and LATAM (+20%)
- Strong presence at four key trade fairs; multiple launches including clear aligners in LATAM, Europe & China
- Stakes in Anthogyr, Zinedent, Medentika and Valoc increased; patent dispute settled with Align
- Full-year 2019 outlook confirmed

REVENUE BY REGION

(in CHF million)	Q1 2019	Q1 2018
Europe, Middle East & Africa (EMEA)	**160.7**	**147.0**
Change in CHF in %	*9.3*	*21.3*
Change in local currencies in %	*14.4*	*12.8*
Change organic in %	*14.4*	*9.8*
In % of Group revenue	*43.2*	*45.4*
North America	**110.2**	**90.3**
Change in CHF in %	*22.1*	*22.4*
Change in local currencies in %	*17.4*	*29.2*
Change organic in %	*17.4*	*17.2*
In % of Group revenue	*29.6*	*27.9*
Asia / Pacific	**71.8**	**58.8**
Change in CHF in %	*22.1*	*27.9*
Change in local currencies in %	*22.7*	*26.7*
Change organic in %	*22.1*	*25.0*
In % of Group revenue	*19.3*	*18.1*
Latin America	**29.5**	**28.0**
Change in CHF in %	*5.3*	*10.5*
Change in local currencies in %	*19.7*	*22.0*
Change organic in %	*19.7*	*21.5*
In % of Group revenue	*7.9*	*8.7*
GROUP	**372.3**	**324.1**
Change in CHF in %	*14.9*	*21.7*
Change in local currencies in %	*17.2*	*20.2*
Change organic in %	*17.1*	*15.3*

Basel, 30 April 2019: The Straumann Group has made a good start to 2019 with first-quarter organic revenue growth of 17%. Currency headwind squeezed the increase to 15% in Swiss francs as revenue reached CHF 372 million. The two largest regions EMEA and North America contributed two thirds of the organic growth, with respective increases of 14% and 17%. Latin

America kept momentum at 20%, while Asia-Pacific (+22%) continued to be the fastest growing region.

Marco Gadola, Chief Executive Officer, commented: "In addition to achieving solid double-digit growth in Q1, we have set the stage for continued growth with key launches and distribution agreements. Once again, we endorsed our innovation leadership at major trade shows and made further strategic acquisitions/agreements to penetrate unexploited segments. Although our growth in Q1 was higher than the rate we forecast for the full year, we are keeping to our guidance for full-year revenue growth in the low-teens because the baselines for the coming quarters are increasingly challenging."

BUSINESS PERFORMANCE

The Group's largest franchise, **implants**, advanced at a solid double-digit pace and was driven largely by Straumann premium implants. The apically-tapered Bone Level Tapered (BLT) implant remained the key contributor, while sales from the limited market release of the fully-tapered implant line (BLX) added a small contribution. The Group's non-premium implant franchise comprising Neodent, Anthogyr, Equinox, Medentika, T-Plus, and Zinedent grew strongly and helped to gain share in Brazil, China, Mexico, Turkey, the US, and distributor markets.

The **restorative business** matched the growth in implants, driven mainly by sales of standard abutments, third-party MPS abutments and copings. The Group's efforts to become a total solution provider, for example by offering cost-effective, versatile abutment solutions (Variobase and pre-milled blanks), prosthetics for third-party implants and in-lab as well as chairside milling solutions, have led to sustained double-digit growth in the restorative business.

With customers anticipating special offers at the biennial IDS trade fair, first-quarter sales of digital equipment were softer than in Q1 2018, when the Group benefitted from strong intra-oral scanner sales. ClearCorrect continued to grow well in North America, which was the main contributor to the 73% increase in the number of global cases.

Biomaterials was the fastest-growing business with double-digit expansion in all regions. This partly reflects the interruption of Emdogain sales in the US last year, although demand for the Group's bone regeneration portfolio was strong throughout.

REGIONAL PERFORMANCES

Strong demand in Eastern Europe and the Middle East

The Group's largest region, Europe, the Middle East and Africa, posted organic revenue growth of 14%. In Swiss francs, revenue rose 9% to CHF 161 million. Most countries in the region reported good growth. The largest market, Germany, reported a strong increase, and the new subsidiary in South Africa also contributed to the good result. However, the most impressive performances were in Russia, Austria, and Turkey. The trend was positive across all businesses, with the exception of digital equipment as previously noted.

North America gains further share

North America, which contributes 30% of Group revenue, reported another strong quarter with organic revenue climbing 17%. Benefitting from an appreciation of the US dollar, regional revenue increased 22% in Swiss francs to CHF 110 million. Canada and the US both delivered double-digit increases, driven by robust demand for premium implant and abutment solutions as well as strong growth in the value segment. The main product categories were Straumann BLT, Neodent GM, ClearCorrect and cost-effective Medentika prosthetic solutions.

APAC continues on the fast track

Asia/Pacific continued to contribute disproportionately to growth, posting an increase of 22% both in organic and Swiss-franc terms, as revenue reached CHF 72 million. While China maintained its dynamism, Japan also progressed well. Sales-force expansion and intensified training and education activities enabled the Group to gain share in the premium segment. At the same time, the rollout of Anthogyr and T-Plus enabled it to compete in the fast-growing value segment in China and Taiwan.

Broader and deeper in Latin America

Organic growth climbed to 20% in Latin America, but the depreciation of the Brazilian Real and the Argentinian Peso cut growth in Swiss francs to 5%, bringing regional revenue to CHF 30 million. Argentina, Chile, Colombia and Mexico, all continued to deliver strong growth, while the Group achieved solid single-digit growth in the region's largest market, Brazil.

STRATEGIC PROGRESS / NEWS HIGHLIGHTS

Stream of innovations launched

The Group made good use of major dental trade fairs (AO, CIOSP, Chicago Midwinter and IDS) to introduce a large number of innovations, including Straumann's BLX and SNOW implants, new intra-oral and in-lab scanners, and the DenToGo virtual clinic. There were also significant milestones in the clear-aligner business, as ClearCorrect launched in Brazil and Europe, and Smyletec launched in China. The latter has already become the world's second largest market for clear aligners, while Brazil has the potential to become a top 5 market in this business.

Further initiatives to create growth opportunities in the core implant business

The Group made further progress with its strategy to penetrate unexploited segments and to provide total solutions. BLX provides Straumann with an extremely competitive next-generation contender in the premium fully-tapered implant segment, while Straumann SNOW and the partnership with Z-Systems elevates the Group to a leading position in ceramic implants. In addition, by increasing its ownership of Anthogyr (from 30% to 100%), Medentika (from 51% to 91%), Zinedent (from 50% to 100%) and Valoc (from 44% to 55%), the Group has added to its range of choices and price options to penetrate the non-premium segment.

The respective consolidation dates for Zinedent, Valoc, and Anthogyr are 1 January 2019, 1 February 2019, and 1 June 2019.

Scanner portfolio expanded through distribution agreements
In March, the Group obtained distribution rights for in-lab scanners made by Medit in Korea. The scanners are attractively priced and will be cobranded, complementing the Group's Dental Wings range. Importantly, the agreement promotes the integration of the Group's DWOS® platform as a Medit's preferred CAD software.

Patent settlement with Align
The Group recently announced that it will pay Align Technology USD 35m to settle its longstanding patent dispute with ClearCorrect. As part of the settlement, Straumann and Align signed a non-binding Letter of Intent to explore the development and distribution of Align iTero intraoral scanners that would be fully integrated into the Group's DWOS workflow. If the companies fail to enter into the potential development and distribution agreement, Straumann will pay Align an additional USD 16 million. Accounting for this and a settlement consideration in the ClearCorrect acquisition agreement, the Group would expect a maximum one-time expense of CHF 24 million in its 2019 H1 results (which includes the CHF 8 million mentioned in the settlement press release).

AGM approves all proposals including dividend increase
At their recent AGM, the shareholders of Straumann Holding AG approved all of the Board's proposals including the 2018 cash dividend of CHF 5.25 per share (2017: CHF 4.75), which was paid as of 11 April 2019. The current Board was re-elected and is joined by Juan-José Gonzalez as a newly elected additional member. Subsequent to the AGM, the Board established a Technology & Innovation Committee to complement its existing Audit & Risk and Human Resources & Compensation Committees.

OUTLOOK 2019 (BARRING UNFORESEEN CIRCUMSTANCES)

As disclosed with the 2018 full-year results in February, the Group expects the global dental implant market to continue growing at about 4-5%. It is confident that it can continue to outperform and gain share by achieving organic revenue growth in the low-teen percentage range. Assuming fairly stable currency exchange rates, the expected organic revenue growth and operational leverage should lead to further improvements in the EBITDA and EBIT margins, in spite of further investments in Sales & Marketing and Research & Development. These profitability objectives exclude exceptional effects related to acquisitions as well as the impact of adopting IFRS 16 (lease accounting).

About Straumann
The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry, including Straumann, Neodent, Anthogyr, Medentika, ClearCorrect, Dental Wings. In collaboration with leading clinics, institutes, foundations, universities and other partners, the Group researches, develops, manufactures and supplies dental implants, instruments, CADCAM prosthetics, biomaterials and digital solutions for use in tooth replacement and restoration or to prevent tooth loss.

Headquartered in Basel, Switzerland, the Group currently employs more than 6000 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

Straumann Holding AG, Peter Merian-Weg 12, 4002 Basel, Switzerland.
Phone: +41 (0)61 965 11 11 / Fax: +41 (0)61 965 11 01
Homepage: www.straumann-group.com

Contacts:

Corporate Communication
Mark Hill: +41 (0)61 965 13 21
Thomas Konrad: +41 (0)61 965 15 46
E-mail:corporate.communication@straumann.com

Investor Relations
Fabian Hildbrand: +41 (0)61 965 13 27
E-mail: investor.relations@straumann.com

ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2019 first-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call today at 9.30 a.m. Swiss time.

The audio webcast of the conference call (www.straumann-group.com/webcast) will be available for the next month.

The telephone conference can be accessed at:

Europe & Rest of World: +41 (0) 58 310 50 09
UK: +44 (0) 207 107 06 13
USA: +1 (1) 631 570 56 13

UPCOMING CORPORATE / INVESTOR EVENTS 2019

Date	Event	Location
2019		
21 May	UBS Healthcare conference	New York
22 May	Berenberg US conference	Tarrytown (US)
04-05 June	Vontobel summer conference	Interlaken (CH)
13 June	Exane BNP Paribas CEO conference	Paris
14 August	**H1 results publication**	**Basel HQ**

Disclaimer
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performance or achievements of the Straumann Group to differ materially from those expressed or implied in this release. Straumann is providing the information in this release as of this date and does not undertake any obligation to update any statements contained in it as a result of new information, future events or otherwise.

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